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## MICRO, SMALL AND MEDIUM ENTERPRISES DEPARTMENT

### NOTIFICATION

The 24th November, 2016

#### **Subject: Odisha MSME Development Policy, 2016.**

No.7845-II-MSME-63/2016/MSME.— The Micro, Small and Medium Enterprises (MSMEs) contribute significantly to value addition, employment generation and exports and thereby, to overall growth of the economy. MSME sector in Odisha has immense potential for growth in view of the ongoing fast industrialisation process in the State.

2. The Odisha MSME Development Policy, 2009 was formulated in conjunction with the Industrial Policy Resolution, 2007. Meanwhile, State has notified Industrial Policy Resolution, 2015 providing better fiscal and non-fiscal incentives for industries. It was, therefore, imperative to have a new MSME Development Policy to put in place commensurate enabling & support framework for sustainable growth of the MSME sector. Accordingly, draft MSME Development Policy, 2016 was prepared in consultation with all the stakeholders.

3. The Odisha MSME Development Policy, 2016 has been approved by the State Cabinet in its 33rd meeting held on the 22nd November, 2016 vide Memo No.9599, dated the 23rd November, 2016 of Parliamentary Affairs Department.

4. The Policy enhances capital investment subsidy to MSMEs and lays special emphasis on development of entrepreneurship amongst SC, ST, differently abled persons and women across the State. Also, additional capital investment subsidy has been announced for Micro & Small Entrepreneurs setting up enterprises in the 'industrially backward districts' namely, Kalahandi, Nuapada, Bolangir, Subarnpur, Koraput, Malkangiri, Rayagada, Nabarangpur, Kandhamal, Gajapati and Mayurbhanj. This policy aims to make the Odisha State - a destination of choice.

5. A copy of the Odisha MSME Development Policy, 2016 is enclosed for wide publication.

**ORDER**

Ordered that the notification be published in the Extraordinary issue of *Odisha Gazette* and copy thereof be forwarded to all Departments of Government/ All Heads of Department/ Accountant General (A&E), Odisha/ All RDCs/All Collectors/ All DICs.

By Order of the Governor

L. N. GUPTA  
Principal Secretary to Government



# **Odisha MSME Development Policy, 2016**

**Micro, Small and Medium Enterprises  
Government of Odisha**

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## 1. Introduction:

- 1.1 Odisha is located strategically contiguous to States of southern, central and eastern parts of India. It has a rich heritage, a vibrant present and a huge potential for Micro, Small and Medium Enterprises. State is also a treasure trove of natural resources. Access to global markets, presence of qualified human resource, robust infrastructure, stable polity and a positive business environment make the Odisha a favoured destination for investors.
- 1.2 Industrialisation is sine qua non of economic progress. Perceptible economic progress has been achieved because of average annual growth of 5.02% in manufacturing and service sectors to the Gross State Domestic Production (GSDP) between 2011-12 and 2015-16. Odisha's GSDP has increased at a Compound Annual Growth Rate (CAGR) of 10.23% from Rs.281450 crore to Rs.330200 crore during this period.
- 1.3 Cumulative FDI inflows in Odisha during April, 2010 to March, 2016 stood at Rs.1027 crore. State Government has announced plans to facilitate growth in the manufacturing sector with year-on-year increase of 15% till 2020.
- 1.4 According to Ministry of Commerce and Industry, total exports from Odisha in 2015-16 were valued at Rs.19,746 crore. Value of exports from the State increased at a CAGR of 2.5% between 2006-07 and 2014-15.
- 1.5 Odisha is well connected by surface transport, air and water. The State has extensive rail and road network linking various growth centres. As a measure to encourage foreign airlines to start service from Odisha, the State Government has announced zero Value Added Tax on aviation turbine fuel.
- 1.6 Odisha is a power surplus State with an installed capacity of 5,531.58 MW with a positive supply~demand gap of 109 MW in 2014-15.
- 1.7 Odisha ranks high in the country in terms of total value of mineral output. During 2015-16, total production of minerals in the State was recorded at 239.45 million tonnes. Mineral resources of Odisha constitute formidable share in national deposits of Chromite-98%, Nickel-93%, Graphite-71%, Pyrophyllite-65%, Manganese-67%, Bauxite-59%, China Clay-31%, Fire Clay-25%, Dolomite-18%. Odisha is the fourth largest producer of Coal and the fifth largest producer of Iron-ore in India.
- 1.8 Primarily, being an agrarian State, Odisha is endowed with huge allied resources like animal husbandry, fishery, forest produces, etc. The vast coast-line of 480 k.m. provides ample scope for marine as well as coir produce.

1.9 Odisha is the home to some of the leading public sector enterprises like HAL, RSP, IRE, MCL, NALCO, NTPC, NINL, PPT, IOCL, Ordnance Factory and private companies like Tata Steel, Vedanta Aluminium, Aditya Birla, Jindal Steel, etc. Existence of these large industries offers a huge opportunity for establishment of Ancillary and Downstream MSMEs.

1.10 The State has notified Industrial Policy Resolution, 2015, which lays down policy framework and fiscal incentives for industries including MSMEs. However, MSME sector suffers from intrinsic disadvantages in availing priority in infrastructure, credit linkages, marketing and needs extra support especially in industrially backward districts. With a view to provide a conducive eco-system for promoting growth of MSMEs in a focussed manner, commensurate with the present scenario and anticipated future, the State is declaring "Odisha MSME Development Policy, 2016."

1.11 Odisha MSME Development Policy, 2016 has been formulated through a consultative process involving stake holders including Industry Associations, Financial Institutions, Experts and Government Departments concerned.

## **2. Objectives:**

The objectives of the policy are to:

- a) Encourage new manufacturing capacity based on improved competitiveness.
- b) Provide a conducive eco-system for promotion and growth of MSMEs in potential sectors.
- c) Provide opportunities to local entrepreneurial talent.
- d) Maximize avenues of employment generation for the youth.
- e) Facilitate MSMEs in accessing domestic and export markets.
- f) Make concerted efforts for revival of sick enterprises.
- g) Make focussed efforts for sustainable, inclusive & balanced growth.

## **3. Strategy:**

3.1 To achieve the objectives of this Policy, the following strategy is proposed:

- a) Setting up of Facilitation Cells at all Regional Industries Centres (RICs) / District Industries Centres (DICs) and strengthening of RICs / DICs.
- b) Development of MSME Parks in districts to provide ready infrastructure for establishment of MSMEs and to promote balanced growth across regions.
- c) Development of product-specific clusters namely, cashew, engineering, rice based products, pharmaceutical, plastic & polymer, readymade garments, agro & food processing, stone wares, etc.

- d) Convergence of schemes and resources of State with and leveraging of Government of India schemes and resources.
- e) Suitable incentive packages for promotion and growth of MSMEs especially in industrially backward districts including KBK districts.
- f) Facilitate setting up of Ancillary & Downstream enterprises of the existing and upcoming Large Industries & Public Sector Undertakings.
- g) Enhance flow of credit to MSMEs by encouraging banks / financial institutions through dedicated MSME branches.
- h) Establish MSME ~ Institution linkages for creation of awareness, imparting entrepreneurial education through empanelled Institutes & setting up of Livelihood Business Incubators (LBIs) / Technology Business Incubators.
- i) Strengthen MSME ~ Academia interface for skill development, product / process development, R&D and innovations.
- j) Thrust on revival of sick MSMEs including prevention of sickness.
- k) Encourage product branding "Made in Odisha" for global recognition.
- l) Organize road shows, awareness programme and investors' meet extensively inside the country and at strategic locations overseas.

3.2 The Policy takes cognizance of 'Ease of Doing Business' initiatives and the relevant extant Policies of both the State Government & Government of India and aims to make Odisha - a destination of choice for MSMEs. Accordingly, the Policy has been divided into three parts, viz. an Enabling Framework, Supporting Framework and Incentive Framework.

## **4. Enabling Framework:**

### **4.1. Ease of Doing Business:**

- 4.1.1 RICs / DICs shall be the nodal agency for development of MSMEs in the State. They shall assist and handhold investors in setting up business and coordinating requisite approvals and clearances before, during and after project implementation.
- 4.1.2 All relevant schemes / assistance enunciated in the extant Policies of State Government and Government of India shall be dovetailed at RIC / DIC level to enable investors to take advantage as per their eligibility.
- 4.1.3 In order to accelerate promotion & growth in MSME sector, MSME Department shall organize Road Shows / Investors' Meets at strategic locations inside the country as well as overseas. RICs / DICs shall similarly organize Awareness Programmes within their districts.
- 4.1.4 Facilitation Cells shall be set up at State Level / RICs / DICs manned by professionals / technical experts to support entrepreneurs / investors.

- 4.1.5 An on line mechanism for administration of incentives in a time bound manner will be implemented to ensure timely sanction and release of incentives.
- 4.1.6 An online platform shall be set up for redressal of grievances of MSM entrepreneurs and investors.
- 4.1.7 A Central Inspection Co-ordination Group (CICG) has been put in place to simplify business regulations and bring in transparency in inspections.
- 4.1.8 A State MSME Board in line with National Board for Micro, Small and Medium Enterprises shall be constituted as advisory for development of MSMEs.

#### **4.2. Capacity Building & Skill Development:**

- 4.2.1 The MSME Department shall strive to maximize Industry ~ Institution linkage by entrepreneurial education through empanelled Project Institutes such as Institutes of Higher learning, ITIs, Entrepreneurship Development Centres under the National Scheme on Entrepreneurship Development.
- 4.2.2 The Technical Institutions / Project Implementing Agencies shall be encouraged through Director, Technical Education & Training / Director, Employment to assist MSMEs / MSME Associations in skill development, product / process development, research & innovation.

#### **4.3. Cluster Development:**

- 4.3.1 Often MSMEs are of smaller in size and have limitation in achieving economy of scale, negotiation, specialization, access to strategic information, which restrict them in achieving the expected level of business. Cluster approach envisages overcoming such limitations and maximising their opportunities.
- 4.3.2 Based on concentration of industrial activities, initially a list of 54 potential clusters (*Annexure IV*) has been identified for interventions.
- 4.3.3 Cluster Development Cell of the Directorate of Industries will be strengthened.
- 4.3.4 Induced clusters of Ancillary / Downstream / other enterprises shall be promoted at industrial hubs viz. Kalinganagar, Paradeep, Dhamra, Gopalpur, Angul, Dhenkanal, Sambalpur, Jharsuguda, Rayagada and Keonjhar.
- 4.3.5 Special Purpose Vehicle (SPV) formed by MSMEs for the purpose of cluster development and development of common facilities / infrastructure shall be eligible for gap-funding support, after availing CFC grants from Government of India Schemes.

#### **4.4. Credit Flow to MSMEs:**

- 4.4.1 An Empowered Committee under the Chairmanship of Principal Secretary, MSME as per composition indicated in Para. 7.4 of this policy shall monitor credit flow to MSME sector especially in schemes viz. Prime Minister Employment Generation Programme (PMEGP), Pradhan Mantri Mudra Yojana (PMMY), Credit Linked Capital Subsidy Scheme (CLCSS) and coverage under Credit Guarantee Fund Trust for Micro & Small Enterprises.
- 4.4.2 Government shall encourage opening of MSME dedicated bank branch in industrial estates / industrial hubs / MSME Parks. Government land for such branches, if required can be provided at concessional industrial rate.
- 4.4.3 The MSMEs shall be encouraged to obtain credit ratings from reputed rating agencies for facilitation of credit.

### **5. Supporting Framework:**

#### **5.1. Infrastructure Development:**

- 5.1.1 MSME Parks shall be established in districts depending upon potential and demand. OSIC will be strengthened to act as implementing agency for the MSME parks. Private developers shall also be encouraged for establishment of such MSME parks.
- 5.1.2 Expansion of the existing industrial estates managed by IDCO shall be taken up basing on demand for land and availability.
- 5.1.3 Capital Grant to support quality infrastructure and other incentives related to infrastructure development can be availed under IPR, 2015 for development of MSME parks.
- 5.1.4 10% of the land for large projects subject to an upper limit of 300 Acres shall be earmarked (by the concerned large industry) for setting up of Ancillary and Downstream Industrial Park (Ref: Para. 5.4.1 (d) of IPR, 2015).

#### **5.2. Support for Ancillary and Downstream Enterprises:**

- 5.2.1 Facilitate linkage between potential entrepreneurs and large industries for development of ancillary and downstream enterprises.
- 5.2.2 Facilitate easy availability of product(s) / by product(s) / waste generated by the mother industries to the MSM Entrepreneurs for further value addition.
- 5.2.3 Land for ancillary & downstream enterprises in industrial estates / MSME parks shall be allotted on priority basis.

- 5.2.4 Plant Level Consultative Committee for large industries in private sector shall be constituted with District Collector as Chairman and all other concerned officers as member for development of ancillary and downstream enterprises.
- 5.2.5 Plant Level Advisory Committee (PLAC) of CPSUs shall be activated. Similarly, PLAC for major State PSUs shall be put in place.
- 5.2.6 Focussed Study for development of ancillary & downstream enterprises shall be undertaken.
- 5.2.7 An "Ancillary & Downstream Enterprise Cell" shall be set up in the Directorate of Industries, Odisha with engagement of requisite professionals.

### **5.3. Marketing Assistance:**

- 5.3.1 A web portal namely "MSME e-Bazaar" shall be developed to provide a platform to entrepreneurs to showcase their products and directly connect to buyers. The portal shall promote product branding "Made in Odisha" for global recognition.
- 5.3.2 MSME State Trade Fair shall be organised by Odisha Small Industries Corporation Ltd. with support from Directorate of Export Promotion & Marketing. RICs / DICs shall conduct MSME exhibitions at district level.
- 5.3.3 Mandatory procurement preference from Micro and Small Enterprises shall be governed as per provisions under The Odisha Procurement Preference Policy for Micro & Small Enterprises, 2015 (details may be seen at [www.msmeodisha.gov.in](http://www.msmeodisha.gov.in)).
- 5.3.4 Directorate of Export Promotion & Marketing will be the Nodal Agency for implementation of all marketing facilities extended to local MSMEs.
- 5.3.5 Government Departments and Agencies under their control shall procure product(s) from MSEs located within the State as per provisions of "The Odisha Procurement Preference Policy for Micro & Small Enterprises, 2015".
- 5.3.6 The Directorate of Industries and OSIC in collaboration with MSME-DI shall organize annual Buyer & Seller Meet and Vendor Development Programmes in respect of each large industry, CPSU and major State PSUs.
- 5.3.7 Local Micro & Small Enterprises shall be exempted from payment of earnest money and shall pay 25% of the prescribed security deposit while participating in tenders of Government Departments & Agencies there under.

### **5.4. Export Promotion:**

- 5.4.1 In order to enhance the export potential of the MSMEs of the State, Odisha Export Policy, 2014 is already in operation. The Directorate of EP&M shall prepare and

update a product-country matrix for the MSMEs of Odisha clearly identifying the products, which have potential export market overseas.

5.4.2 The MSME e-Bazaar portal shall be developed by Directorate of Industries and maintained by Director, EP&M. The Portal shall be utilized for hosting catalogue of products of local MSMEs having export potential.

### **5.5. Raw Material Support:**

5.5.1 The Odisha Small Industries Corporation Ltd. (OSIC) shall act as the Nodal Agency for sourcing and supplying of raw material required by MSMEs / Industrial parks and cluster parks in the state. OSIC / NSIC shall set up Raw Material Bank(s) to provide such support.

5.5.2 OSIC may also set up Raw Material Bank(s) in PPP mode in collaboration with local industry / industry associations in order to meet the requirement of raw material of MSMEs wherever it is required to do so.

5.5.3 In order to promote Fly Ash product manufacturing units in non-fly ash generating areas, OSIC may take steps for supply of Fly Ash to such MSMEs.

5.5.4 The CPSUs, State PSUs and large industries shall accord priority in supplying raw material to OSIC being the Nodal Agency for MSMEs at the lowest possible rate extended to any other buyer for the same material.

### **5.6. Technology Up-gradation:**

5.6.1 MSMEs shall be encouraged to undertake interventions to enhance their competitiveness with respect to quality, productivity, reduction in cost, etc. by up-gradation of technology and adoption of new technology for quality enhancement and environment friendly production.

5.6.2 Directorate of Industries in association with MSME-DI shall increase awareness of schemes of Government of India for incentivizing adoption of cutting edge technology by MSMEs such as CLCSS (Credit Linked Capital Subsidy Scheme), QMS (Quality Management Standards), QTT (Quality Technology Tools). The progress of credit delivery under such schemes shall be closely monitored by Director of Industries, Odisha.

## 6. Financial Support Framework:

### 6.1. Capital Investment Subsidy:

Sl. No.	Category of Enterprise	Quantum of Assistance
1.	New Micro & Small Enterprises	@ 25% of capital investment made in Plant & Machinery subject to an upper limit of Rs.1 crore only.
2.	New Micro & Small Enterprises owned by SC, ST, Differently abled, Women & Technical (Degree / Diploma) entrepreneur.	@ 30% of capital investment made in Plant & Machinery subject to an upper limit of Rs.1.25 crore only.
3.	New Micro & Small Enterprises set up in industrially backward districts including KBK districts.	Additional capital investment subsidy @ 5% of investment made in Plant & Machinery with an upper limit prescribed at sl.1 & 2 above as applicable.
4.	New Micro & Small Enterprises engaged in recycling of E-waste, Hospital waste, Construction & demolition waste.	Additional capital investment subsidy @ 5% of capital investment made in Plant & Machinery subject to an upper limit of Rs.10 lakh over and above the limits specified as above.

**Note:** For the enterprises set up by SC / ST / Differently Abled / Women / Technical Degree or Diploma holders, their stake in equity participation / shareholding shall be 51% or more individually or jointly.

### 6.2. Seed Capital Assistance:

The 1st generation Women, SC, ST, Differently abled entrepreneurs setting up new Micro / Small Enterprise in Industrially Backward Districts including KBK districts shall be entitled to a one time grant equivalent to 10% of Term Loan disbursed by the financing bank / institution subject to a maximum of Rs.15 lakh.

### 6.3. Project Report Subsidy:

New Micro enterprises shall be entitled to a one time grant up to Rs.50,000/- or 2% of the project cost, whichever is lower for preparation of the detailed feasibility report / detailed project report, which will facilitate the entrepreneur to access finance from Banks / financial institutions. The said amount will be disbursed after sanction and disbursement of the first instalment of term loan by bank / Financial Institution to the Micro enterprise.

#### **6.4. Reimbursement of Audit Cost for Water Conservation:**

To encourage water conservation, a onetime reimbursement of 50% of audit cost by approved agencies limiting to Rs.25,000/- shall be provided to new MSMEs undertaking water conservation measures.

#### **6.5. Assistance for raising Capital through SME Exchange:**

New Small & Medium Enterprises shall be entitled for one time grant @20% of expenditure incurred for raising of capital through SME Exchange subject to a maximum amount of Rs.10 lakh after successful raising of equity as per the scheme approved by SME Exchange.

#### **6.6. Trade Mark Assistance:**

New MSMEs shall be entitled for reimbursement of 50% of expenditure incurred in obtaining Trade Mark subject to maximum of Rs.25,000/-.

#### **6.7. Reimbursement of Training Expenditure:**

Government will reimburse 50% of the cost of skill up-gradation and training of local manpower limited to Rs.3000/- per person for a maximum of 10 persons in Micro and 20 persons in Small and Medium Enterprises. Thrust will be given on skill development of women to enhance their employability and for that purpose an additional training cost of Rs.1000/- shall be reimbursed per woman. This support shall not be available to those employee trainees who are availing benefit under other skill development programmes of the Government. The Skill up-gradation training of local man power shall be supported in consultation with Skill Development & Technical Education Department / Odisha Skill Development Authority.

#### **6.8. Award to MSM Enterprises / Entrepreneurs**

In order to encourage competition and efficiency amongst MSM enterprises, annual State Awards shall be given to best MSM enterprises / entrepreneurs in recognition of their contribution in terms of achieving highest turnover, highest employment, adoption of environment friendly & innovative technology, registration of patent, etc. for each category of Micro, Small and Medium enterprise.

### **7. Revival of Sick MSMEs**

- 7.1 The Micro & Small enterprises are prone to sickness due to various reasons. Reserve Bank of India has notified a framework for revival and rehabilitation of sick MSMEs vide their circular RBI/2015-16/338, dated the 17th March, 2016.
- 7.2 State Government shall closely monitor implementation of the frame work for identification, nursing and providing rehabilitation package to potentially viable sick units of the State under the frame work.
- 7.3 The identified viable sick MSMEs shall be assisted at par with new industrial units for assistance / incentives admissible under this policy.

7.4 An Empowered Committee under the Chairmanship of Principal Secretary / Secretary, MSME shall monitor credit flow to MSMEs including potentially viable sick units quarterly. The Committee shall comprise of the following:—

i.	Principal Secretary / Secretary, MSME Department	Chairman
ii.	Director, Institutional Finance, Government of Odisha	Member
iii.	Regional Director, RBI, Bhubaneswar	Member
iv.	Convenor, State Level Bankers Committee Odisha	Member
v.	General Manager, SIDBI, Bhubaneswar	Member
vi.	Regional Heads of all Commercial / Rural Banks	Member
vii.	Managing Director, OSFC	Member
viii.	Director, MSME DI, Government of India, Cuttack	Member
ix.	Representative of two State Level Industries Association (to be rotated bi-annually).	Member
x.	Director of Industries, Odisha	Member-Convenor

Any other member as per requirement may be co-opted by the Chairman.

## 8. Governance:

- Implementation of provisions of this policy shall be periodically monitored and reviewed by a High Level Committee to be constituted under the Chairmanship of Chief Secretary for mid-course correction / amendments, if any.
- Incentives / claims under this Policy shall be considered and approved by the following Committees to be constituted by MSME Department:—

Sl.	Name of the Committee	Category of Enterprise
1	District Level Committee (DLC) under the Chairmanship of General Manager, RIC / DIC.	Micro Enterprises
2	State Directorate Level Committee (SDLC) under the Chairmanship of Director of Industries, Odisha.	Small & Medium Enterprises

## 9. General Provisions:

9.1 This Policy and other extant Policies provide fiscal & non-fiscal incentives for MSMEs. Entrepreneur can choose to avail a particular incentive according to his / her eligibility.

- 9.2 Incentives as envisaged in this policy shall not be applicable to an enterprise if the similar incentives are availed under any other policies of State Government or Government of India.
- 9.3 New MSME for availing incentives under this policy shall be acknowledged with Entrepreneurship Identification Number and / or Production Certificate and commencing production within a period of three years from the date of starting of first fixed capital investment.
- 9.4 Government may consider condonation of delay (beyond the stipulated period of 3 years) in implementation of projects due to force measure (reasons like natural calamities) on cases to case basis on recommendation of an Empowered Committee to be constituted under the Chairmanship of Principal Secretary to Government, MSME Department.
- 9.5 New MSME shall become ineligible to get incentives if it does not file its claim complete in all respects within 1 (one) year of its commencement of production or within the time limit prescribed in the Operational Guidelines of respective incentives.
- 9.6 This Policy shall be effective from the date of its notification and remain in force until substituted by another policy.
- 9.7 MSMEs which have commenced fixed capital investment prior to notification of this Policy shall continue to be governed and assisted under Odisha MSMED Policy, 2009.
- 9.8 For definitions of all the terms used in the policy, *Annexure I* be referred.
- 9.9 Doubts relating to interpretation of any term and / or dispute relating to the operation of any provision under this policy shall have to be referred to the MSME Department, Government of Odisha for clarification / resolution. Decision of Government shall be final and binding on all concerned.
- 9.10 The list of ineligible MSMEs for incentives in respect of this policy is given at *Annexure II*.
- 9.11 No right or claim for any incentive under this policy shall be deemed to have been conferred merely on the ground of provision in this policy.

9.12 Implementation of various provisions covering the incentives, concessions etc. will be subject to notification of detailed guidelines / statutory notifications by MSME / concerned Administrative Department.

9.13 An indicative list of the fiscal incentives provided in IPR, 2015 is given at *Annexure III*. Details of policy & its Operational Guidelines is available in [www.msmeodisha.gov.in](http://www.msmeodisha.gov.in) and <http://diodisha.nic.in>

9.14 The list of potential clusters is given at *Annexure IV*.

\* \* \* \*

## Appendices

### ***Annexure I***

#### **DEFINITIONS**

For the purpose of this Policy, the various terms shall have the meanings assigned to them here under:

- 1) **"Ancillary Enterprise"** means an Industrial undertaking which is engaged or is proposed to be engaged in manufacturing or production of parts, components, sub-assemblies, tooling or intermediates or rendering of services and the undertaking supplies or renders or proposes to supply or render not less than 50% of its production or services as the case may be, to one or more other industrial undertakings within the State.
- 2) **"CST"** means Central Sales Tax as defined under the provisions of Central Sales Tax Act, 1956.
- 3) **"Downstream Enterprise"** means an Industrial undertaking, which is engaged or proposed to be engaged in value addition of the intermediate or final produce or waste product of one or more industrial undertakings within the State utilizing a minimum of 50% by weight as base raw material.
- 4) **"Fixed Capital Investment"** means investment in land, building, plant, machinery and balancing equipment.
- 5) **"IDCO"** means the Odisha Industrial Infrastructure Development Corporation.
- 6) **"IDCO Land"** means land allotted to and land acquired by IDCO.
- 7) **"Industrial Unit"** means any industrial undertaking located inside the State and engaged in any manufacturing activity.
- 8) **Industrially Backward Districts** includes Kalahandi, Nuapada, Bolangir, Subarnpur, Koraput, Malkangiri, Rayagada, Nabarangpur, Kandhamal, Gajapati & Mayurbhanj.
- 9) **"IPR"** means Industrial Policy Resolution - 2015.
- 10) **"Local Micro, Small & Medium Enterprises"** means Micro, Small and Medium Enterprises situated in the State of Odisha.
- 11) **"Micro, Small & Medium Enterprise"** means an Industrial Unit / Enterprise as defined by the Government of India in MSMED Act, 2006 amended from time to time.
- 12) **MSME-DI** means MSME Development Institute.
- 13) **"New MSME"** means a Micro, Small & Medium Enterprise where fixed capital investment (including the one who has existing land) has commenced on or after the effective date and goes into production within three years from the date of starting of first fixed capital investment.
- 14) **"NSIC"** means the National Small Industries Corporation.
- 15) **"OSIC"** means the Odisha Small Industries Corporation Ltd.
- 16) **"PMEGP"** means Prime Minister's Employment Generation Programme.
- 17) **"Raw Material"** means material required by an enterprise that will directly go into the composition / manufacturing of its finished products.
- 18) **"RIC"** means Regional Industries Centre and **"DIC"** means District Industries Centre.
- 19) **"SIDBI"** means the Small Industrial Development Bank of India.
- 20) **"VAT"** means value added tax as defined under the provisions of The Odisha Value Added Tax Act, 2004 & Odisha Value Added Tax Rules, 2005.
- 21) **"Year"** for the purpose of incentives means a period of 365 consecutive days.

**LIST OF INELIGIBLE ENTERPRISES****Enterprises ineligible for fiscal incentives specified under this Policy**

- 01 All Service enterprises.
- 02 Hullers and Rice mills with investment in plant & machinery of less than Rs.25 lakhs for industrially backward districts and less than Rs.1 crore for other areas.
- 03 Flour mills including manufacture of besan, pulse mills and chuda mills except investment in plant & machinery of less than Rs.25 lakhs for industrially backward districts and less than Rs.1 crore for other areas (excluding Roller Flour Mills).
- 04 (a) Processing of spices with investment in plant & machinery with less than Rs.10 lakhs for industrially backward districts and less than Rs.2 crores for other areas.  
(b) Units without Spice-mark or Ag-mark.
- 05 Confectionary with investment in plant & machinery with less than Rs.10 lakh for industrially backward districts and less than two crore rupees for other areas.
- 06 Oil mills with expellers including oil processing, filtering, decolouring, colouring, refining of edible oils and hydrogenation thereof except investment in plant & machinery more than Rs.10 lakh in industrially backward districts.
- 07 Preparation of sweets and savouries except investment in plant & machinery of less than Rs10 lakhs for industrially backward districts and less than Rs.50 lakhs for other area.
- 08 Bread-making (excluding mechanised bakery).
- 09 Mixture, Bhujia and Chanachur preparation units.
- 10 Manufacture of Ice candy.
- 11 Manufacture and processing of betel nuts.
- 12 Hatcheries, Piggeries, Rabbit or Broiler farming.
- 13 Standalone Sponge Iron Plants.
- 14 "Iron and Steel Processors" such as cutting of sheets, bars, angles, coils, M.S. sheets, recoiling, straightening, corrugating, drop hammer units, etc. with low value addition.
- 15 Cracker-making units.
- 16 Tyre retreading units with investment in plant and machinery of less than Rs.20 lakhs.
- 17 Stone crushing units.
- 18 Coal / Coke screening, coal washing, Coal / Coke Briquetting.
- 19 Production of firewood and charcoal.
- 20 Painting and spray-painting units with investment in plant and machinery of less than Rs.20 lakhs.
- 21 Units for physical mixing of fertilizers.
- 22 Brick-making units (except units making refractory bricks and those making bricks from fly ash, red mud and similar industrial waste not less than 25% as base material).
- 23 Manufacturing of tarpaulin out of canvas cloth with investment in plant and machinery of less than Rs. 20 lakhs.
- 24 Saw mill, sawing of timber.
- 25 Carpentry, joinery and wooden furniture making except when part of a Wood based cluster of at least 20 units.
- 26 Drilling rigs, Bore-wells and Tube-wells.
- 27 Units for mixing or blending / packaging of tea.

- 28 Units for cutting raw tobacco and sprinkling jaggery for chewing purposes and Gudakhu manufacturing units.
- 29 Units for bottling of medicines.
- 30 Bookbinding / Rubber stamp making / Making notebooks, exercise notebooks and envelopes.
- 31 Distilled water units.
- 32 Tailoring (other than readymade garment manufacturing units).
- 33 Repacking / stitching / printing of woven sacks out of woven fabrics.
- 34 Pre-processing of oil seeds- decorticating, expelling, crushing, parching and frying.
- 35 Aerated water and soft drink units.
- 36 Bottling units or any activity in respect of IMFL or liquor of any kind.
- 37 Size reducing / size separating units / Grinding / mixing units with investment in plant & machinery of less than ten crore rupees except manufacturing of Cement with clinker.
- 38 Polythene less than 40 micron in thickness / recycling of Plastic materials
- 39 Thermal Power Plant.
- 40 Re-packaging Units.

Note: List of Enterprises indicated above may be modified by the Government from time to time.

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**HIGHLIGHTS OF FISCAL INCENTIVES FOR MSMEs IN INDUSTRIAL POLICY  
RESOLUTION, 2015\***

**1. LAND AT CONCESSIONAL RATE**

- Ground rent @1% of the land value.
- 10% of the land for large projects limiting to 300 Acres shall be earmarked for Ancillary & Downstream industrial Park.

**2. EXEMPTION OF PREMIUM ON CONVERSION OF Ag. LAND FOR INDUSTRIAL USE**

- New Industrial units and existing industrial units taking up E/M/D.

Micro & Small Sector	100% up to 5 Acres
Medium Sector	75% up to 25 Acres
Priority Sector	100% up to 100 Acres & 50 % for balance Area

**3. INTEREST SUBSIDY**

- New MSME @ 5% per annum on term loan for Five years and same for Seven years for Industrially Backward Districts limiting to:

Micro Enterprise	Rs.10 lakhs
Small Enterprise	Rs.20 lakhs
Medium Enterprise	Rs.40 lakhs

- One time Guarantee fee charged under CGTMSE will be reimbursed to MSEs

**4. STAMP DUTY EXEMPTION**

- No stamp duty for land allotted by the Government to IDCO or Govt /IDCO to Private Industrial Estate Developers.

Transfer of land/shed by Govt. / IDCO/Private Industrial Estate Developers to new units and existing units acquiring fresh land for E / M / D.	Micro & Small Sector	75% of Stamp duty
	Medium Sector	50% of Stamp duty
	Priority Sector	100% of Stamp duty

Stamp Duty exemption on transfer of management/ conversion to Company/ reconstruction & amalgamation of Companies /execution of loan deed / credit deed / hypothecation deeds.

## 5. ELECTRICAL ENERGY SUBSIDY

A	Exemption of Electricity Duty for 5 years	New MSMEs	up to Contract demand of 500 KVA	
		New units in the Priority Sector	up to Contract demand of 5 MVA	
		New & existing industrial units setting up Captive Power Plant with non-conventional sources & bio-fuel as Green Energy Subsidy.		
B		Seasonal Units such as food processing, sugar, salt and cotton ginning & pressing unit shall be allowed for temporary surrender of a part of their contract demand as per norms of OERC.		
C		One-time reimbursement of cost of Energy Audits for achieving energy efficiency up to -		
Micro Enterprise-Rs.1 lakh		Small Enterprise- Rs.2 lakhs	Medium Enterprise-Rs.3 Lakhs	

## 6. VAT REIMBURSEMENT – in a tapered manner

New MSMEs	75% of net VAT paid for 5 years	Limited to 100% of cost of Plant & M/c
New units in Priority Sector	100% of net VAT paid for 7 years	Limited to 200% of cost of Plant & M/c.
Existing MSMEs taking up E / M / D	75% of net VAT paid on increased production for 5 years	Limited to 100% of additional cost of plant & M/c for E / M / D
Existing units in Priority sector taking up E / M / D	100% of net VAT paid on increased production for 7 years	Limited to 200% of additional cost of Plant & M/c for E / M / D
New Pioneer Units	100% of net VAT paid for 9 years	Limited to 200% of cost of Plant & M/c
Anchor Tenant in Industrial park	100% of net VAT paid for 9 years	Limited to 200% of cost of Plant & M/c .

Above provision will be suitably replaced / modified after GST is introduced

## 7. REIMBURSEMENT OF ENTRY TAX

Plant & Machinery	New MSMEs & Priority Sector units	100% of Entry Tax paid on plant & M/c.
	Existing MSMEs & Priority Sector units taking up E/M/D	100% of Entry Tax paid on additional plant & M/c.
Raw Material	New MSMEs & Priority Sector units	100% of Entry Tax paid for 5 years limited to 100% of cost of Plant & M/c.
	Existing MSMEs & Priority Sector units taking up E/ M/ D	100% of Entry Tax paid on additional raw materials for 5 years limited to 100% of cost of additional Plant and machinery.
	New Pioneer Units under each Priority Sector	100% of Entry Tax paid for 7 years limited to 100% of cost of plant & M/c.

Above provision will be suitably replaced / modified after GST is introduced

## 8. REIMBURSEMENT OF ENTERTAINMENT TAX (ET)

i	New Multiplex Cinema Hall of at least 3 screens with minimum capital investment of Rs.3.00 crores	100% of ET paid for 5 years
ii	Existing cinema hall upgraded to a multiplex and modernised with minimum investment of rupees one crore	100% of ET paid for 5 years

The above provision will be suitably replaced/ modified after GST is introduced

## 9. EMPLOYMENT COST SUBSIDY- for employing skilled & semi-skilled workers of domicile of Odisha as regular employees.

New & existing units taking up E/M/D in Micro & Small Sector	Male workers- 75% of ESI & EPF contribution for 5 years
	Female workers-100% of ESI & EPF contribution for 5 years
New and existing units taking up E/M/D in Medium sector	Male workers-50% of ESI & EPF contribution for 3 years
	Female workers-100% of ESI & EPF contribution for 3 years
New and existing units taking up E/M/D in MSME and Priority Sector-displaced for the establishment of the said Industrial unit	100% of ESI & EPF contribution for 3 years
New and existing Industrial units undertaking E/M/D in MSME and Priority Sector- with Disabilities	100% of ESI & EPF contribution for 5 years
Employment Cost Subsidy -for additional period of 2 year for Industrially Backward Districts.	

## 10. PATENT REGISTRATION

New units and Existing units in MSME & Priority Sector taking up Expansion/ Modernization/ Diversification	100% of the registration cost limited to Rs.10 lakhs.
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## 11. QUALITY CERTIFICATION- & its renewal for next consecutive two years

New and Existing units in MSME & Priority Sector taking up E/ M/ D	100% of quality certification charges limited to Rs.3 Lakhs.
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## 12. ASSISTANCE FOR TECHNICAL KNOW-HOW

New units in MSME & Priority sector	Indigenous tech.	100% of cost up to Rs.1 Lakh
	Imported tech.	100% of cost up to Rs.5 Lakhs

### **13. ENTREPRENEURSHIP DEVELOPMENT SUBSIDY**

75% of course fee limited to Rs.50,000/- per course to budding entrepreneurs to undergo Management Development Training in reputed national level institution.

### **14. ENVIRONMENTAL PROTECTION INFRASTRUCTURE SUBSIDY**

Rs.20 lakh or 20% of capital cost whichever is less for adopting Zero Effluent / ZLD & setting – up Effluent Treatment Plant by MSMEs.

### **15. CAPITAL GRANT TO SUPPORT QUALITY INFRASTRUCTURE**

Industrial parks/ Cluster parks promoted by private sector/Ind. Association/User Units in cluster format	50% of the infrastructure cost up-to Rs.10 crore /park or cluster
Up-gradation of the existing parks/ clusters provided the park/ estate/ cluster is User- managed	50% of total cost up-to Rs.5 crore

### **16. ANCHOR TENANT SUBSIDY**

- ❖ 25% subsidy on cost of land.
- ❖ VAT Reimbursement for additional 2 years subject to the overall limit.

### **17. MARKETING ASSISTANCE TO INDUSTRIES ASSOCIATIONS**

- ❖ Assistance @ 50% of total rent limiting to Rs.10 lakhs for participation of minimum 5 units in Odisha Pavilion in International Trade fairs abroad.

### **18. FILM INDUSTRY**

- ❖ All feature films produced fully or partly in Odisha exempted from Entertainment Tax.
- ❖ Producers of films utilize Kalinga Studio Limited, Film & Television Institute of Odisha and Kalinga Prasad Colour Laboratory shall avail incentives as per terms and conditions of OFDC.
- ❖ Soft loan assistance at a nominal rate of interest decided by OFDC.
- ❖ Multiplexes/Cinema Halls shall get Government land/IDCO land at concessional industrial rate.

- 19. Non-Mineral based new industrial units in industrially backward districts with investment of Rs.5.00 crores in Plant & M/c treated as Priority Sector unit & eligible for all incentives of Priority sector.

\* For details, entrepreneurs should visit the IPR, 2015 and its Operational Guidelines available at [www.msmeodisha.gov.in](http://www.msmeodisha.gov.in) and <http://diodisha.nic.in>

**LIST OF POTENTIAL CLUSTERS**

<b>Sl. No.</b>	<b>Name of RIC / DIC</b>	<b>Name of the Product / Process</b>	<b>Sl. No.</b>	<b>Name of RIC / DIC</b>	<b>Name of the Product / Process</b>
1	Angul	Engineering Cluster	28	Ganjam	Kewda processing units
2	Angul	Fly Ash Cluster at Talmul	29	Ganjam	Cashew processing
3	Balasore	Plastic & Polymer based	30	Ganjam	Granite Processing Cluster
4	Balasore	NTFP Cluster (Leaf Cup & Plate manufacturing)	31	Ganjam	Rice Milling Cluster
5	Balasore	Rice Milling Cluster	32	Ganjam	Ayurvedic Cluster
6	Baragarh	Rice Milling cluster	33	Jagatsingpur	Dry Fish Cluster
7	Bhadrak	Rice Milling Cluster	34	Jharsuguda	Engineering
8	Bhubaneswar	Engineering & Tools	35	Kalahandi	Rice Milling Cluster
9	Bhubaneswar	Brass & Bell Metal	36	Kalinganagar	Groundnut Processing
10	Bhubaneswar	Plastic & Polymer based	37	Kalinganagar	Rice Milling Cluster
11	Bhubaneswar	Stabilizer, UPS & Invertor Cluster, Bhubaneswar	38	Keonjhar	Engineering Cluster
12	Bhubaneswar	Auto service cluster at Bhubaneswar	39	Koraput	Cashew Processing
13	Bhubaneswar	Pahal Rasogolla Cluster	40	Koraput	Engineering
14	Bolangir	Rice mill	41	Koraput	Rice Milling cluster
15	Boudh	Rice Milling Cluster	42	Mayurbhanj	NTFP Cluster (Leaf Cup & Plate mfg.)
16	Cuttack	Pharmaceuticals at Cuttack & Bhubaneswar	43	Mayurbhanj	Engineering & fabrication Cluster
17	Cuttack	Engineering & Tools	44	Nawrangpur	Rice milling cluster
18	Cuttack	Readymade Garments, Gobindpur	45	Nayagarh	Brass & Bell Metal products at Khandapada
19	Cuttack	Spices Cluster	46	Nuapada	Rice milling cluster
20	Cuttack	Readymade Garment Cluster, Cuttack	47	Phulbani	Spice (Turmeric) Processing
21	Deogarh	NTFP Cluster (Leaf Cup & Plate manufacturing)	48	Puri	Cashew Processing Cluster
22	Dhenkanal	Power loom	49	Puri	Pipili Applique Cluster
23	Dhenkanal	Fly Ash Bricks manufacturing Cluster	50	Puri	Coir cluster

<b>Sl. No.</b>	<b>Name of RIC / DIC</b>	<b>Name of the Product / Process</b>	<b>Sl. No.</b>	<b>Name of RIC / DIC</b>	<b>Name of the Product / Process</b>
24	Dhenkanal	Readymade Garment Cluster (Baulapur)	51	Rayagada	Rice Mill Cluster
25	Dhenkanal	Engineering Cluster	52	Rayagada	Engineering Cluster
26	Dhenkanal	Brass & Bell metal cluster at Indipur	53	Rourkela	General Engineering
27	Gajapati	Cashew processing	54	Sambalpur	Rice Milling cluster

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